

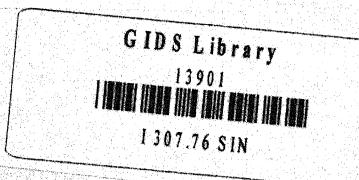
URBANISATION AND URBAN EMPLOYMENT GROWTH

(A Study At National, Regional and Inter-Town Levels)

112

R. C. SINHA
G. S. MEHTA

SUBMITTED TO THE NATIONAL COMMISSION ON URBANISATION
GOVERNMENT OF INDIA
NEW DELHI



GIRI INSTITUTE OF DEVELOPMENT STUDIES, LUCKNOW

I Sector 'O', Aliaganj Housing (Extension) Scheme, Lucknow-226 020

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CHAPTER I

INTRODUCTION

BACKGROUND

The process of urbanisation is identified by a rate of growth in urban population, relative to urban areas. The difference between rates of growth of population in rural and urban areas is accounted for mainly by rural to urban migration. Urbanisation also involves shifts in occupation pattern from primary sector to secondary and tertiary sectors. Growth of these urban sectors is deemed to have various kinds of backward and forward linkages with rest of the economy, such as greater availability of relatively more productive and better paid employment opportunities, higher levels of incomes, changes in pattern of consumer demand, changes in attitudes towards quality of production, consumption and life style and so on, leading to further changes in activity structure and further urbanisation. The proportion of urban population is also therefore regarded as a positive indicator of economic development. It may however be added that efficiency of the process of urbanisation to economic development would be in accordance with the degree of correspondence between demand and supply of commodities and factors of production. Of particular importance in this context is the correspondence between the supply and demand of labour in

urban areas. For example, if the supply of labour exceeds that of productive employment opportunities, some part of the labour force gets absorbed into the so called urban 'informal', 'traditional' and 'murky' sectors. A disproportionate growth in these sectors weakens the urban economic structure and its linkages with rest of the economy, and may even lead to a decline in the average productivity of the urban economy, an increase in open unemployment rate and a retarded growth of the national economy. Empirical enquiries into economic aspects of urbanisation are therefore of considerable interest to researchers, planners and policy makers. It is in this background and considering the fact that there has been a noticeable increase in the pace of urbanisation in India, that the present study was undertaken by this Institute on request of the National Commission on Urbanisation, Government of India.

SCOPE AND OBJECTIVES

The study is based on the premise that urbanisation is positively related with growth of modern industrial and service sectors in cities and towns. It aims at highlighting the characteristics, factors and implication of urbanisation at all India, Inter-State and Inter-Town levels, particularly from the year 1961 to 1981. The choice of this reference period is made because firstly the rural urban employment dichotomies in census data were introduced only from 1961 and second the population trends during periods before the sixties suffers from abnormalities. The broad

issues of the study are:

1. What has been the degree of correspondence between the growth of urban employment and growth of urban population?
2. What has been the pattern of increase in employment in terms of its distribution among different sectors — secondary and tertiary and organised and unorganized?
3. To what extent is industrialisation responsible for rise in employment in urban areas directly and indirectly?
4. How have the urban areas of different sizes — metropolis and large, medium and small towns - fared in terms of growth of employment in improvement in its pattern?
5. How have the urban areas with different base — industry, trade, service and others — fared in providing employment opportunities? and
6. What pace of growth and quality of urban employment can be expected in the next two decades on the basis of the past pattern of growth of urban areas? What factors would determine the capacity of urban areas to productivity absorb an increasingly large population resulting from the natural growth as well as migration from rural areas?

DATA BASE AND METHODOLOGY

The study is based on Census data. The empirical analysis has been carried out at all-India level, across State (or region) groups and across town groups in various size and functional categories. For the above purpose, the 15 largest states, which together represented the country's 96 per cent of total population and 97 per cent and 94 per cent of the rural and urban population in 1981 were selected. Further a sample of 55 towns of different categories were identified for detailed analysis, with the following procedure.

SAMPLING AND GROUPING OF TOWNS

All the cities and towns in India, reported in the 1971 census were listed in descending order of their population for the year 1981. These towns were bracketed in six size categories viz. (A) 2,000 and more, (B) 500 - 2,000, (C) 100 - 500, (D) 50 - 100, (E) 20 - 50, and (F) below 20 of population in thousand. In the highest size group five cities, namely Calcutta, Bombay, Madras, Delhi and Bangalore were selected purposively because of their special importance in the context of urbanisation. Other sample towns were identified systematically from within each of the size brackets in require total numbers ranging from 6 to 20, ensuring at the same time that the selected towns are spread well over different parts of the country. The empirical analysis was however carried out across 53 towns only as some discrepancies were noticed in the data for the remaining two sample towns of the lowest size category. The

distribution of these towns according to the size groups along with names of their states are shown in Table 1.1.

The sample towns have been regrouped into four functional categories, namely 'primary', 'industrial', 'trade' and 'service' on the basis of sectoral distribution of workers in the towns relative to urban India in the following manner. All the sample towns with 25 per cent or more of workers reported in the primary sector were grouped as 'Primary' towns. Then, from the percentage of workers in each of the remaining 'industry', 'trade' and 'service' (excluding trade and commerce) sectors for the individual towns, the corresponding percentage for urban India were subtracted. The functional category of each of the remaining (non-primary) towns has been identified in correspondence with the sector in which the said percentage point difference was the highest. The table 1.2 shows the distribution of the sample towns according to size groups for the year 1981, functional groups for the year 1961 and the change in their functional distribution occurred during 1961-71. The numbers in the 'primary', 'industrial', 'trade' and 'service' categories were 12, 16, 10 and 15 respectively in 1961 and 8, 20, 12 and 13 in 1971. The functional categories of the towns could not be identified for the year 1981 due to non-availability of data.

PREMISES OF EMPIRICAL ANALYSIS

Empirical analysis in this report has been carried out at all-India, inter-state and inter-town levels. Concerning with the employment aspect of urbanisation, an attempt has been

made to examine and highlight the extent to which growth in urban population is matched by growth in productive employment opportunities in urban areas in India, state groups representing regions at different levels of urbanisation and the above mentioned town groups. The state groups are defined in Chapter II. It is assumed that an excess of urban population growth over urban employment growth is mainly resulted by rural-urban migration.

It is believed that the potential for employment growth lies mainly in the industrial sector, where the role of organised industries is especially important. Moreover a faster growth of the organised sector over the unorganised sector implies improvement in the quality of employment. These aspects have been examined in a limited manner subject to availability of data.

Lastly, the study also involves forecasting of the probable situations of urbanisation and urban employment in India over the next two decades. Forecasting exercises have therefore been done for the year 2001 in three alternatives — HIGH, MEDIUM and LOW — of urbanisation across three region groups i.e. at relatively high level of urbanisation (HLU), middle level of urbanisation (MLU) and low level of urbanisation (LLU) and for India as a whole. The methodology of these forecasts is annexed with Chapter V.

ORGANISATION OF THE REPORT

The report has five Chapters. The Chapter I presents the background, scope and objectives and methodology of the study.

Chapter II examines the trends in urbanisation for India and at inter-state and inter-town levels. The Chapter III examines the growth of urban employment and sectoral contribution to it in relation to urbanisation. This is followed by the study of future possibilities involving the forecasts, in Chapter IV. The Chapter V presents the conclusions.

Table 1.1 : Sample Towns by Size Categories and States

Size Category (000)	No. of Towns	States From Which Selected
1. 2000 and above	7	West Bengal, Maharashtra, Delhi, Tamil Nadu, Karnataka, Andhra Pradesh and Gujarat.
2. 500 - 2000	6	Maharashtra, Rajasthan, Madhya Pradesh, Bihar, Uttar Pradesh and Punjab.
3. 100 - 500	6	Andhra Pradesh, Uttar Pradesh, Gujarat, Tamil Nadu, Karnataka and Orissa.
4. 50 - 100	6	Rajasthan, Haryana, Tamil Nadu, Bihar, Kerala & Uttar Pradesh.
5. 20 - 50	10	Maharashtra, Uttar Pradesh, Gujarat, Andhra Pradesh, Punjab, Kerala, Haryana, Madhya Pradesh, Rajasthan and Maharashtra
6. Below 20	18	Bihar, Haryana, Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Uttar Pradesh, Kerala, West Bengal, Tamil Nadu, Gujarat, Uttar Pradesh, Rajasthan, Punjab, Maharashtra, Maharashtra, Bihar, Andhra Pradesh and Rajasthan.
		TOTAL 53

Table 1.2 : Distribution of Sample Towns by Size and Functional Categories and Changes in their Functions During 1961-71.

Size Category (000)	Functional Categories 1961				Changes in Town Functions			
	PRI	IND	TRA	SER	Total No.	FRI	IND	TRA SER
1. 2000 and above	-3	-	4	7	-	+2	+1	-3
2. 500 - 2000	-4	-	2	6	-	-1	-	+1
3. 100 - 500	-1	1	4	6	-	-1	-	+1
4. 50 - 100	-2	2	2	6	-	-	-	-
5. 20 - 50	3	2	4	1	10	-	+2	-1
6. Below 20	9	4	3	2	18	-4	+2	-2
All Groups	12	16	10	15	53	-4	+4	+2

Functional Categories : FRI - Primary; IND - Industry; TRA - Trade; SER - Services other than 'Trade'.

CHAPTER II

URBAN POPULATION TRENDS

SCOPE

Before coming to the relative positions of growth in urban employment and urban population, it would be relevant to have an idea as to how urban population in India has been growing over a fairly long period of time and how different indicators characterise the process of urbanisation in India, different states and towns of various categories. Urbanisation means modernisation in positive sense of the term, implying growth in productivity and income levels and improvement in living conditions of the people. It is also a subject of interest to scholars of regional development. What really began to fetch attention of planners and policy makers to urban growth are however its consequences in terms of unabated growth of population in large cities, ensuing difficulties in meeting the demand for urban services, congestion and social disorderliness. From either of these view points and all the more in the context of the present study, it is essential to have an idea of the size and pace of growth of urban population in the country, its regions and the various size and functional categories of towns. These aspects are briefly examined below for India (1901 - 1981), selected states (1961 - 81) and the sample towns (1961 - 81).

INDIA

From the year 1901 to 1981 the country's population increased from 238.4 million to 685.2 million, with its urban component from 25.8 million to 159.7 million. The level of urbanisation expressed as proportion of urban population, was 10.84 per cent in the year 1901, 10.29 per cent in 1911 showing a decline, and then it increased constantly to 23.31 per cent in 1981 (Table 2.1). It may be noted that the period 1901-11 appears to be exceptional so far as the trend in the percentage of urban population is concerned. The table also depicts values of three other indicators of urbanisation, namely the percentage growth of urban population, the difference between urban population percentages at two points of time and the excess of percentage growth in urban population over that in rural population over different periods. Based on these indicators as well as the growth rates of the total and rural population, it is observed that there have been erratic changes in the growth rates and structure of population in India upto the Census Year 1961. For example, the decadal growth percentage of country's total population which was 5.75 during 1901-11, declined to (-) 0.31 during 1911-21, increased to 11.00 over 1921-31 and to 14.22 over 1931-41, declined again to 13.31 during 1941-51 and then kept increasing upto 25.00 over the period 1971-81. Almost similar trends are observed in the rate of growth of rural population. The variations in values of the three indicators of trends of urbanisations, as mentioned earlier, are found to be changing

much more erratically upto the year 1961. These abnormalities in demographic changes are attributed mainly to outbreak of plague epidemic causing mass exodus from cities in 1911, the influenza epidemic in 1918 because of which there was a decline in the size of India's total population, a set back to urban growth during 1921-31 caused by the economic depression, the industrial growth in tune with the second world war leading to a relatively high rate of growth of urban population during 1931-41, the migration of refugees at the time of partition of India which affected the urban population growth during 1941-51, and finally, the strictness observed by the Census Authorities in identification of towns in the year 1961 as compared to the year 1951. The demographic data from 1961 onwards is however relatively free from such abnormalities. For empirical analysis therefore we have confined to the period 1961-81.

The table 2.1 shows that the proportion of urban population increased from 17.97 per cent in 1961 to 23.31 per cent in 1981. This level of urbanisation is considered to be still low. But the forces of urbanisation appear to have gained strength as the percentage growth of urban population increased from 38.23 during 1961-71 to 46.39 during 1971-81. This change in urban growth rate may be attributed partly to an increase in the natural rate of growth of population, but to a large extent to rural-urban migration as indicated by the excess of the percentage growth in urban population over that in rural population, being 16.37 percentage points for

the period 1961-71 and 26.71 for 1971-81. It may be added that the decadal rate of growth of rural population has declined from 21.86 per cent in 1961-71 to 19.68 per cent in the ensuing decade. The analysis thus suggests that rural urban migration has played the key role in characterising the phenomenon of urbanisation.

In a large country like India, any indepth probe into the phenomenon of development, of which urbanisation is an accompaniment, can not be made without going into its regional dimensions. Let us therefore have a look at the inter-state pattern of urbanisation as presented below. This is followed by an analysis of the size structure of towns in the states at different levels of urbanisation and India as a whole over the period 1961-71 for which the data was available, and that of the population trends in the 53 sample towns by their size and functional groups.

INTER-STATE PATTERN

The selected 15 states represented about 94 per cent of India's urban population and about 97 per cent of the rural population in the year 1981, and thereby provided an adequate basis for studying regional variations in the pace of urbanisation. The urban, rural and total population percentages of these states taken together for the years 1961, 1971 and 1981 are shown in Table 2.2. Here we are concerned with two questions; namely which states have been contributing relatively more to the growth of India's population and what has been the pace of urbanisation in each of these states.

The table 2.3 depicts the states arranged in descending order of absolute growth in urban population during the decades 1961-71 and 1971-81 separately. Accordingly out of the total 15, the top five, namely Maharashtra, Tamil Nadu, Uttar Pradesh, West Bengal and Gujarat taken together contributed 51.48 per cent while the bottom five contributed only 10.52 per cent of the total increase in the country's urban population during 1961-71. In the subsequent decade 1971-81, the top five states happened to be partly different, namely Uttar Pradesh, Maharashtra, Andhra Pradesh, Madhya Pradesh and Karnataka which jointly contributed 49.96 per cent of the country's urban population growth while the share of the bottom five states stood at 11.35 per cent. Further, excepting Bihar, Haryana and Assam, the contribution ranks of all the states have changed from 1961-71 to 1971-81.

The above analysis, besides bringing out relative importance of various states in India's urbanisation, also leads to the following three observations. First, there is high degree of variation in the contribution of individual states to the country's urban population, so that around half of India's urban growth has been accounted for only by five states. Second, the changes in the state ranks from 1961-71 to 1971-81 suggests that the level of urbanisation or of development provides only partial explanation to inter-regional differences in the pace of urbanisation. Indepth studies are therefore needed to understand how urban population grows at a faster rate in one region than in another. And third, in trying to associate the rate of growth of urban population with certain

explanatory variables, it appears that the rate of urban growth in a less urbanised state is generally higher than that in relatively more urbanised states. This is empirically evident from increase in the percentage contribution of the bottom five states and decrease in that of the top five states to India's urban population growth from 1961-71 to 1971-81, as discussed earlier. There is also an inverse association between the level of urbanisation (percentage of urban population) and urban population growth rate (Table 2.4). It is however not possible to provide an explanation to this kind of a relationship without detailed enquiries which will be far beyond the scope of this study.

The Table 2.4 also depicts the values of the various indicators of urbanisation for different states. Accordingly the states which were relatively more urbanised had their urban population growing at a relatively lower rate and the percentage point increases in their levels of urbanisation were relatively higher, as compared the less urbanised states. It may be remarked here that the inter-state comparisons in terms of urban growth rate suffer due to marked differences in the 'base' population. Yet the dynamics today appears to be towards reducing inter-regional inequalities in the level of urbanisation.

In view of the indication that level of urbanisation is associated with the pace of urbanisation, further analysis at the inter-state level has been carried out by dividing the states into three groups signifying relatively high level of urbanisation (HLU), middle level of urbanisation (MLU) and

low level urbanisation (LLU) in the year 1971. The states falling in these groups are named below:

- HLU : Maharashtra, Tamil Nadu, Gujarat and West Bengal
- MLU : Punjab (including Haryana), Karnataka, Andhra Pradesh, Rajasthan and Madhya Pradesh.
- LLU : Kerala, Uttar Pradesh, Bihar, Assam and Orissa.

In this classification Haryana is merged with Punjab because of non-availability of workforce data separately for the former for the year 1961. The percentages of urban population in the HLU group of states were 26.41, 28.68 and 31.51 for 1961, 1971 and 1981 respectively, those for the MLU group 21.75, 23.67 and 28.57 and for LLU 9.03, 10.62 and 13.30 in the corresponding years. Taking all these groups together the percentages of urban population in 1961, 1971 and 1981 come to 17.67, 19.48 and 22.75 respectively.

INTER-TOWN PATTERN

At the time of writing this report the number and population in different size groups of towns were available only upto the year 1971, so that the change in town size structure has been studied only over the decade 1961-71. From the year 1961 to 1971 the proportion of large towns (1 lakh +) increased from 3.96 per cent to 4.84 per cent and the proportion of urban population represented by these towns from 44.50 to 48.93 per cent in the country. On the other hand, both these shares of small towns (below 10,000) declined. Thus the 'top heavy' character of urbanisation is getting perpetuated. The situation is similar in the different state groups so far as size distribution of the towns is concerned (Tables 2.5 & 2.6).

The above analysis however gives no idea of the relative rates of growth of population in different categories of towns. Let us therefore examine the decadal growth rates of population in the 53 sample towns grouped according to population size and functions. The Table 2.7 shows that the population of the sample towns increased by 47.23 per cent during 1961-71 and by only 39.06 per cent during 1971-81. This decline in the population growth rate from 1961-71 to 1971-81 is resulted from the decline in case of towns with population 50 thousands or more; the population growth rates in majority of the towns with population below 50,000 have increased. Across the functional categories we notice that population growth in the 'industrial' towns was the highest at 42.65 per cent during the decade 1971-81 and in 'primary' towns the lowest. Further, from 1961-71 to 1971-81 there has been a considerable decline in the rate of growth of population in 'primary', 'trade' and 'service' towns. This analysis leads to the conclusion that increase in pace of urbanisation in India from the decade 1961-71 to 1971-81 appears to be mainly the result of faster growth of population in small towns on the one hand and industrial towns especially the medium and small ones on the other. Another factor which has added to it is the emergence of a good number of new towns in the year 1981.

Table 2.1 : Urban Population Trends in India : 1901-81

Year	Population (000)	IOU (%)	Decadal Growth of Population (%)	UPGR-RPGR	Change in IOU
	Total	Urban			
1901	238396	25852 10.84			
1911	252093	25942 10.29	5.75	0.38 6.40 -6.02	-0.55
1921	251321	28086 11.18	-0.31	8.27 -1.29 9.56	0.89
1931	278977	33456 11.99	11.00	9.12 9.98 -0.86	0.81
1941	318661	44153 13.86	14.22	31.97 11.81 20.16	1.87
1951	361088	62444 17.29	13.31	41.42 8.79 32.63	3.43
1961	439235	78937 17.97	21.51	26.41 20.60 5.77	0.68
1971	548160	109114 19.91	24.79	38.23 21.86 16.37	1.94
1981	685185	159727 23.31	25.00	46.39 19.68 26.71	3.40

IOU : Index Of Urbanisation, i.e. percentage of urban population.

UPGR: Urban Population Growth Percentage

RPGR: Rural Population Growth Percentage

13901

Table 2.2 : Size of Population in the Selected Major States

Year	Selected States/ India	Urban		Rural		Total	
		(000)	% to India	(000)	% to India	(000)	% to India
1961	States	75307	95.40	35085	97.38	426161	97.02
	India	78937	100.00	360298	100.00	439235	100.00
1971	States	103144	94.53	426230	97.08	529374	96.50
	India	109114	100.00	439046	100.00	548160	100.00
1981	States	150001	93.91	509195	96.91	685185	96.21
	India	159728	100.00	525457	100.00	685185	100.00

NOTE : The data pertains to the selected 15 States in relation to India.

Table 2.3 : Contributions of Different States in the Growth of India's Urban Population in Descending Order : 1961-71 and 1971-81.

RANK	STATE	PERIOD 1961-71		PERIOD 1971-81		CONTRIBUTION (000) %	CONTRIBUTION (000) %
		RANK	STATE	RANK	STATE		
1	Maharashtra	4548	15.07	1	Uttar Pradesh	7510	14.84
2	Tamil Nadu	3474	11.51	2	Maharashtra	6283	12.41
3	Uttar Pradesh	2909	9.64	3	Andhra Pradesh	4085	8.07
4	West Bengal	2426	8.04	4	Madhya Pradesh	3801	7.51
5	Gujarat	2180	7.22	5	Karnataka	3608	7.13
6	Madhya Pradesh	2158	7.15	6	Tamil Nadu	3487	6.89
7	Andhra Pradesh	2128	7.05	7	West Bengal	3480	6.88
8	Karnataka	1856	6.15	8	Gujarat	3105	6.13
9	Bihar	1720	5.70	9	Bihar	3085	6.10
10	Rajasthan	1263	4.19	10	Rajasthan	2667	5.27
11	Kerala	912	3.02	11	Punjab	1432	2.83
12	Orissa	735	2.44	12	Kerala	1275	2.52
13	Punjab	649	2.15	13	Orissa	1265	2.50
14	Haryana	465	1.54	14	Haryana	1054	2.04
15	Assam	414	1.37	15	Assam	720	1.42
All States		27837	92.25	All States		46857	92.58
India		30177	100.00	India		50614	100.00

Note : The Figures for Assam for the period 1971-81 are based on the estimated population of the state for the year 1981.

Table 2.4 : Indicators of Urbanisation of the Selected States.

Sl. No.	State	IOU		UPGR		UGGR - 1961-81		RPGR - 1971-81		Change in IOU 1961-71 1971-81	
		1961	1971	1981	1961-71	1971-81	1961-71	1971-81	1961-71	1971-81	1961-71
1	Maharashtra	28.22	31.17	35.03	40.75	39.99	28.49	22.45	2.95	3.86	2.69
2	Tamil Nadu	26.69	30.26	32.95	38.64	27.97	22.34	15.02	3.57	3.02	3.02
3	Gujarat	25.77	28.08	31.10	41.00	41.42	15.65	29.39	2.31	1.72	1.72
4	West Bengal	24.45	24.75	26.47	28.41	31.72	2.04	11.37	0.30	3.95	3.95
5	Punjab	23.05	23.73	27.68	25.27	44.51	4.76	27.04	0.68	4.58	4.58
6	Karnataka	22.33	24.31	28.89	35.23	48.64	15.78	31.47	1.98	4.01	20
7	Andhra Pradesh	17.44	19.31	23.32	33.92	59.47	4.06	37.31	0.43	4.22	
8	Haryana	17.23	17.66	21.88	35.58	58.69	12.71	31.23	1.35	3.42	
9	Rajasthan	16.28	17.63	21.05	38.47	56.03	21.00	36.75	2.00	4.00	
10	Madhya Pradesh	14.29	16.29	20.29	46.67	37.64	11.10	21.98	1.13	1.50	
11	Kerala	15.11	16.24	18.74	35.72	60.62	12.50	40.86	1.16	3.93	
12	Uttar Pradesh	12.86	14.02	17.95	30.68	54.76	24.73	34.11	1.57	2.47	
13	Bihar	8.43	10.00	12.47	43.95	54.27	8.87	23.32	1.18	1.42	
14	Assam	7.69	8.87	10.29	45.34	68.54	44.05	52.82	2.09	3.38	
15	Orissa	6.32	8.41	11.79	66.31						

15. Index of Urbanisation i.e. percentage of Urban Population (%) .

16. Decadal Growth Rate of Urban Population (%) .

17. Decadal Growth Rate of Rural Population (%) .

18. Decadal Growth Rate of Assam for the year 1981 and the period 1971-81.

NOTE : The figures of Assam for the year 1981. estimated population of the state for the year 1981.

Table 2.5: Distribution of Towns According to the Town Size Classes by Groups of States and India

Year/Towns	Classes*	State Groups**			All	India
		HLU	MLU	LLU	States	
1961 : Class	I	4.02	3.22	4.78	3.98	3.96
	II	6.39	3.95	5.41	5.22	5.15
	III	20.31	17.91	21.97	19.80	19.19
	IV	31.65	30.47	31.57	31.17	30.38
	V	30.21	33.91	30.10	31.59	31.38
	VI	7.42	10.32	6.21	8.24	9.94
All Towns		100.00	100.00	100.00	100.00	100.00
1971 : Class	I	4.80	4.48	5.32	4.82	4.84
	II	8.65	6.39	5.97	7.17	7.02
	III	20.14	20.31	24.94	21.43	20.90
	IV	29.91	35.56	31.95	32.42	31.64
	V	25.45	26.98	26.49	26.26	26.30
	VI	11.05	6.28	5.33	7.90	9.30
All Towns		100.00	100.00	100.00	100.00	100.00

*NOTE : The towns are grouped according to the population size classes as follows:

I. 1,00,000 or more; II. 50,000 - 1,00,000; III. 20,000 - 50,000; IV. 10,000 - 20,000; V. 5,000 - 10,000;
VI. Below 5,000.

** HLU : Relatively High Levels of Urbanisation; MLU : Middle Levels of Urbanisation; LLU : Low Levels of Urbanisation; explained in the Section 'Inter-State Pattern' in the Chapter II.

Table 2.6 : Population of Towns Distributed According to the
Size Classes by Groups of the Selected States and
for India

Year/Towns Classes*	State Groups**			All States	India
	HLU	MLU	LLU		
1961 : Class I	50.40	35.41	39.30	43.11	44.50
	II	12.15	11.57	13.52	12.30 12.07
	III	17.83	23.13	22.92	20.68 19.95
	IV	12.42	17.67	15.54	14.79 14.32
	V	6.45	10.66	8.05	8.13 8.03
	VI	0.75	1.56	0.68	0.99 1.13
	All Towns	100.00	100.00	100.00	100.00 100.00
1971 : Class I	53.68	41.47	42.47	47.24	48.93
	II	14.49	14.08	12.73	13.94 13.49
	III	15.62	20.39	23.71	19.02 18.28
	IV	10.59	16.51	14.25	13.29 12.80
	V	4.78	6.80	6.32	5.77 5.68
	VI	0.84	0.75	0.52	0.74 0.82
	All Towns	100.00	100.00	100.00	100.00 100.00

* Explained in Table 2.5; ** Explained in Table 2.5.

Table 2.7: Growth of Population in Different Size and Functional Groups of the Sample Towns.

SIZE/FUNCTIONAL GROUPS	Population Growth %	
	1961-71	1971-81
<u>SIZE GROUPS (000)</u>		
1. 2000 and above (7)	47.38	39.69
2. 500 - 2000 (6)	44.82	40.31
3. 100 - 500 (6)	65.68	26.48
4. 50 - 100 (6)	35.18	19.64
5. 20 - 50 (10)	42.42	43.99
6. Below 20 (18)	29.83	33.17
<u>FUNCTIONAL GROUPS (1961)</u>		
1. Primary (12)	32.66	24.84
2. Industry (16)	46.66	42.84
3. Trade (10)	46.73	26.49
4. Service (15)	47.92	37.06
All Sample Towns (53)	47.23	39.06

Note: Figures in parentheses show the number of the selected towns.

CHAPTER III

URBANISATION AND URBAN EMPLOYMENT

APPROACH

In India 77 per cent of the people live in rural areas so that the base of supply of migrant labour in cities and towns is substantially large. The force behind migration is also strong because of marked rural-urban differences in income levels and availability of productive employment opportunities. On the other hand the urban base in the country is small and so urban employment opportunities are also limited and might be inadequate to productivity absorb the growing labour-force. Is then urban workforce increasing faster than growth of urban employment opportunities? And if so, what are its implications for quality of employment on the one hand and unemployment on the other? These issues have been examined in this chapter with reference to India, groups of states at relatively high levels of urbanisation (HLU), middle levels of urbanisation (MLU) and low levels of urbanisation (LLU) as defined in Chapter II, and the sample towns by their size and functional groups as stated in Chapter I. Through the analysis for India and the state groups it was felt that a comparison of the workforce data between 1961 and 1971 even for urban areas might not be very realistic because the identification of workers in the year 1961 was made rather liberally. Keeping this in view and the

fact that rural-urban migration is male dominated, the inter-town analysis has been carried out using alternatively the male workforce data. This chapter brings reference to the study objectives (2) to (4). In the following section the decadal rates of growth of urban workforce have been examined in relation to urban population growth, where urban population growth has been taken as proxy for urban labour force,

assuming constancy of the labour force participation rates over the period of analysis. This is followed by evidences on sectoral employment growth and shares in total employment growth and changes in occupational pattern.

GROWTH IN URBAN EMPLOYMENT RELATIVE TO POPULATION

The rural-urban dichotomies in India as summarily described in the beginning of this chapter leads to the hypothesis that the rate of growth of urban workforce is lower than that of the urban labour force. If that is so, then the workforce growth rate would be lower than the population growth rate as well, assuming that the urban labour force participation rates keep from declining. The arguments in support of this assumption are that, first, any considerable change in the age structure of the urban resident population is not expected over a short period of time and second, as rural-urban migration stream is dominated by males who are in search of employment, the urban labour force participation rates may tend to increase rather than decline.

The Table 3.1 shows the decadal growth rates of urban workforce and population, which conform to the above hypothesis. It may be pointed out here that the difference between workforce and population growth rates are abnormally high during 1961-71. This is mainly because in 1961 the criteria for identification of workers was liberal, as is also reflected by a high worker-population ratio in that year. The workforce data for 1971 and of main workers for 1981 are by and large comparable and provide a realistic picture of the relative change.

During 1971-81 the growth of urban population in India was by 46.39 per cent while that of urban workforce was lower by 2.36 percentage points. This difference was relatively high in HLU and LLU states. The states at middle level of urbanisation (MLU) together exhibited 54.83 per cent growth in the workforce, which was the highest among other state groups and also exceeded the rate of growth of population by 2.55 percentage points. Likewise the workers population ratio declined in India and state groups HLU and LLU, while it increased in the MLU group.

At the inter-town analysis the employment and population growth rates have been compared for males only with a view to reducing the problem of inter-censal comparability of workforce data and recognising that rural urban migration is male dominated. The Tables 3.2 and 3.3 show that in all the town groups excepting the 'service' towns, population growth was faster than the growth of workers during 1961-71. But the relative

positions are changed with workers growth proportions exceeding the population growth rates. It appears that the comparison of the workforce data between 1961 and 1971 also has some bias towards lowering down the employment growth rate. Greater reliability is therefore placed on the workforce growth rates over the period 1971-81.

During 1971-81, the workers increased by 36.69 per cent while population by 34.50 per cent, indicating an increase in the male worker - population ratio in the sample towns. Mention may be made in this context that in the sample towns in size groups '50 - 100' and '100 - 500' and functional groups 'Industrial' and 'trade', the growth rates of male workers were considerably higher than the rate of growth of male population. The relative importance of town groups in their shares in urban employment growth has however been different.

Taking into consideration the size distribution of towns in India in the year 1971, it is estimated that the towns having population of 1.0 lakh or more, i.e. the census category of Class I, contributed as much as 79 per cent of the total urban employment growth in India during 1971-81. The share of the next two lower categories of towns, i.e. in the size group '50 - 100' or upper medium towns and '20 - 50' or lower medium towns representing the Class II and Class III towns, is estimated as only 13 per cent. In case of 67 per cent of the towns comprising small towns, i.e. 'below 20', the percentage share comes to only 8 per cent. Among the functional categories, the estimates of percentage contribution to urban employment growth

come to 57 per cent and 42 per cent by the 'service' and 'industrial' towns, a little over 1 per cent by 'trade' towns and just 0.3 per cent by primary towns during 1961-71. The contribution of industrial towns increased to 59 per cent, exceeding the corresponding figure of 39 per cent of service towns during 1971-78. The contributions of 'trade' and 'primary' town to urban employment growth during 1971-81 were only 1.46 per cent and 0.48 per cent. Thus in terms of contribution to urban employment, importance is attached to Class I towns and those in the 'industrial' category followed by the 'service' category. Let us now look at the role of different sectors of the urban economy in augmenting productive employment opportunities.

SECTORAL GROWTH AND SHARES IN EMPLOYMENT

The economy is divided into three major sectors namely 'primary', 'secondary' and 'tertiary' with usual meanings attached to them. During the period 1961-71 in India, the growth of employment in 'primary' sector was 33.01 per cent, i.e. the highest, followed by 20.97 per cent in 'tertiary' and 16.63 per cent in 'secondary' sector. But in the subsequent decade 1971-81, the employment growth in the secondary sector went upto 54.14 per cent and was relatively higher than the rates in the remaining two sectors. Among the state groups the highest growth of secondary sector employment during 1971-81 was 69.16 per cent for the MLU group. To have an idea of the relative importance of these sectors it is also necessary to look at their contributions to growth in employment.

It may be pointed out at the outset that hardly any importance is attached to primary sector in urban employment growth. Table 3.4 shows that in India, secondary and tertiary sectors together accounted for 80.34 per cent growth in urban employment during 1961-71 and 85.56 per cent during 1971-81; the figure for 1961-71 is on the lower side partly due to change in the concept of workers from 1961 to 1971. Across the HLU and MLU states this joint share ranged from 84.63 per cent to 91.12 per cent and was considerably higher than that for the LLU group in any of the two periods. Comparing the secondary and tertiary sectors it may be noted that the percentage share of tertiary sector has been relatively higher because of its larger employment base. But the growth rates attribute greater importance to secondary sector in creation of productive employment opportunities. In particular it may be noted that employment growth rate in secondary sector during 1971-81 was higher than the rate of urban population growth. In this context it will be interesting to look at the performance of industrial sector firstly as a major component of the secondary sector and secondly because of the significance being attached to it while visualising urbanisation as a process of economic transformation.

As depicted in Table 3.5 the rates of growth of industrial workers are found to be of the same order as in case of secondary sector workers for India as well as for the state groups shown in Table 3.4. In India, the urban industrial workforce increased by 18.27 per cent with the highest of 26.74 per cent for HLU states during 1961-71, and by 54.51 per cent with highest of

69.21 per cent for the MLU group of states during 1971-81. The employment growth in the non-household industries was relatively higher, being 34.45 per cent during 1961-71 and 56.63 per cent during 1971-81 for which the figure is more realistic. Further within the non-household sector, the data available for 1961 and 1971 shows that organised industries have grown at a considerably higher rate in relation to the unorganised industries (Table 3.5). These trends reveal the importance of industrial sector in integrating urbanisation and economic development and suggest that if the ongoing process continues, the quality of urban employment will on the whole improve.

In case of the sample towns we find that during 1961-71 the primary sector employment increased by 65.87 per cent but its contribution to total employment growth was only 3.80 per cent. The shares of secondary and tertiary sectors were over 48 per cent each. But the rate of growth of secondary sector workforce in the period comes to 52.88 per cent which is considerably higher than the figure of 31.02 per cent for the tertiary sector (Table 3.6). Across the size groups the share of secondary and tertiary sectors together in employment was generally over 80 per cent, excepting the groups '50 - 100' and '20 - 50' for which the figures appear to be abnormal. The percentage growth rates of employment in the secondary sector and its share in total employment growth were higher than those of tertiary sector only for the size group, '2000 and above'

and functional groups 'industrial' and 'trade'. It thus also appears that economic characteristics of urbanisation can be studied more meaningfully across functional categories of towns than across their size groups.

OCCUPATIONAL PATTERN

The above analysis reveals that the potential for positive structural change in the economy lies in the secondary sector. The tertiary sector is also expected to grow as a consequence of growth in the secondary sector because the latter tends to enthuse growth in industrial services. But the analysis suggests that the tertiary sector is already large and comprises both formal and informal services. The productivity and income levels in the informal sector is low so that their growth in the economy is restricted. It is therefore possible that with development the relative share of the tertiary sector tends to decline in spite of an increase in that of the secondary sector. This is what we find from the occupational pattern in India and the state groups depicted in Table 3.7.

According to Table 3.7 the 12.55 per cent of the urban workforce was in the primary sector, 32.51 per cent in secondary and 54.94 per cent in the tertiary sectors. These figures are however not really comparable with the figures for 1971 and 1981 for the reason stated earlier. From 1971 to 1981 we find

that the proportion of workers in primary sector remained more or less stagnant, in the secondary sector it increased from 31.32 per cent to 33.61 per cent and that in tertiary sector declined from 54.90 per cent to 52.41 per cent for India. Similar trends in the occupational pattern are found for each of the state groups. The highest proportion of secondary sector workers was in the MLU group of the state, being 31.45 per cent in 1981.

In the sample towns taken together, the proportion of male workers in secondary sector increased from 36.18 per cent in 1961 to 39.57 per cent in 1971, while that in the tertiary sector declined from 61.79 per cent to 57.90 per cent. Among the town groups, the proportion of secondary sector workers increased in the size categories. '2000 and above' and '20-50' and functional categories 'primary' and 'service', remained almost stagnant in the groups '100 - 500', 'below 20' 'industrial' and 'trade' and declined in other groups. The proportion of the service sector workers increased a bit in the size groups '500 - 2000', '50 - 100' and 'below 20', but declined in all the functional groups. The analysis shows that in general, there has been an upward shift in the proportion of male workers in the secondary sector and decline in that of the tertiary sector during 1961-71.

Table 3.1 : Trends in Urban Population and Urban Workforce in Selected States and India

Item	Period	State Groups			All	India
		HLU	MLU	LLU	States	
Growth of Urban Population (%)	1961-71	37.13	36.52	37.23	36.96	38.24
	1971-81	35.07	52.28	56.18*	45.43*	46.39*
Growth in Urban Workforce (%)	1961-71	20.72	16.43	20.54	19.35	21.07
	1971-81	35.24	54.83	49.46*	44.21*	44.03*
Difference	1961-71	-25.91	-20.09	-16.69	-22.15	-17.17
	1971-81	-6.92	2.55	-6.72*	-1.22*	-2.36*
Urban Worker-Population Ratio (%)	1961	34.43	33.66	31.96	33.60	33.48
	1971	30.31	28.71	28.08	29.28	29.33
	1981	28.75	29.19	26.72*	28.48*	29.23*

Note: The state groups HLU, MLU and LLU refer respectively to relatively high, middle and low levels of urbanisation as explained in Chapter I.

* Excluding Assam.

Table 3.2 : Decadal Growth Rates of Male Population and Male Workers in Sample Towns by Population Size Groups

Population Size Group (000)	Period	Growth of Males (%)		Difference
		Population	Workers	
2000 and above	1961-71	44.09	41.81	-2.28
	1971-81	34.42	42.07	7.65
500 - 2000	1961-71	43.89	32.49	-11.40
	1971-81	39.69	44.96	5.27
100 - 500	1961-71	76.42	37.90	-38.52
	1971-81	24.91	41.74	16.83
50 - 100	1961-71	42.97	13.99	-28.98
	1971-81	19.53	32.25	12.72
20 - 50	1961-71	44.38	23.33	-21.05
	1971-81	46.75	49.17	2.42
Below 20	1961-71	31.65	17.18	-14.47
	1971-81	29.81	39.82	10.01
ALL GROUPS	1961-71	44.97	39.64	-5.33
	1971-81	34.50	36.69	2.19

Table 3.3 : Decadal Growth Rates of Male Population and Male Workers in Sample Towns by Functional Groups

Functional Group	Period	Growth of Males(%)		Difference
		Population	Workers	
Primary	1961-71	36.59	14.36	-22.23
	1971-81	26.16	35.05	8.89
Industrial	1961-71	44.50	35.43	-9.07
	1971-81	36.00	56.10	20.01
Trade	1961-71	54.61	27.95	-26.66
	1971-81	26.94	40.78	13.84
Service	1961-71	44.09	44.70	0.61
	1971-81	33.81	32.56	-1.25
All Groups	1961-71	44.97	39.64	-5.33
	1971-81	34.50	36.69	2.19

Table 3.4 : Growth of Workers in Major Urban Sectors and their Contributions in the Urban Employment Growth in Selected States and India

Item	Period	State Group			All States	India
		Hlu	Mlu	Llu		
1. Growth of Workers (%)						
Primary	1961-71	28.52	14.15	80.60	32.75	33.01
	1971-81	27.42	49.26	64.25	44.92	46.10
Secondary	1961-71	20.36	8.60	9.18	14.17	16.63
	1971-81	42.33	69.16	55.64	53.51	54.14
Tertiary	1961-71	19.38	21.82	14.84	18.96	20.97
	1971-81	32.03	48.12	38.75	38.56	37.49
2. Contribution to Total Employment Growth						
Secondary	1961-71	35.73	16.10	12.74	25.02	25.66
	1971-81	43.54	36.56	35.25	38.97	38.81
Tertiary	1961-71	49.52	46.58	43.62	53.23	54.68
	1971-81	47.58	69.01	40.89	46.31	46.71
Secondary and Tertiary	1961-71	85.25	85.11	56.35	78.25	80.34
	1971-81	91.12	84.63	76.14	85.29	85.56

Table 3.5 : Growth of Urban Industrial Sector in Selected States and India

(Percentage)

Item	Period	State Groups			All States	India
		HIU	MLU	LLU		
1. Industrial Workforce						
Total	1961-71	26.74	11.84	9.07	18.94	18.27
	1971-81	42.14	69.21	57.94	52.25	54.51
Household Sector	1961-71	-24.68	-31.57	-15.35	-25.10	-23.90
	1971-81	39.53	46.70	46.06	44.02	44.75
Non-Household Sector	1961-71	41.68	39.14	21.02	36.52	34.45
	1971-81	42.51	76.18	61.66	54.05	56.63
2. Number of Industrial Units (1961-71)						
Total		1.37	23.71	26.78	13.10	15.20
Unorganised		10.47	19.54	26.18	16.89	26.18
Organised		47.87	94.46	52.67	58.86	52.67

Table 3.6 : Sectorwise Growth of Male Workers and their Contributions to the Total Growth in Male Workers During 1961-71 by Town Groups

Town Groups	Sectoral Growth/ Contri- bution	Sectors			Secondary & Tertiary Sectors	(Percentage)
		Primary	Secondary	Tertiary		
1. Population Size Group (000)						
2000 and above	GR	83.23	58.85	31.07	-	
	CON	2.36	51.27	46.37	97.64	
500 - 2000	GR	98.73	25.57	33.15	-	
	CON	10.19	29.70	60.11	89.80	
100 - 500	GR	97.37	37.14	27.41	-	
	CON	10.64	34.03	55.33	89.36	
50 - 100	GR	-47.85	1.25	15.31	-	
	CON	-260.20	15.46	344.74	360.20	
20 - 50	GR	54.05	27.23	5.77	-	
	CON	49.83	30.99	19.18	50.17	
Below 20	GR	15.05	17.41	18.07	-	
	CON	19.05	35.61	45.34	80.95	
2. Functional Group						
Primary	GR	11.94	21.39	12.42	-	
	CON	24.98	34.60	40.42	75.02	
Industrial	GR	49.38	34.95	35.37	-	
	CON	2.48	45.06	52.46	97.52	
Trade	GR	41.92	27.43	24.69	-	
	CON	22.84	22.83	54.33	77.16	
Service	GR	135.47	81.52	28.35	-	
	CON	4.28	50.89	44.83	95.72	
All Groups	GR	65.87	52.88	31.02	-	
	CON	3.80	48.06	48.14	96.20	

GR : Growth; CON : Contribution to Total Growth; Total No. of Towns = 53; Data for 1981 was not available.

Table 3.7 : Urban Occupational Pattern in Selected States and
India

(Percentage of Workers)

Sector	Year	State Group			All States	India
		HLU	MLU	LLU		
Primary	1961	10.72	17.29	11.12	12.85	12.55
	1971	11.41	16.95	16.66	14.29	13.78
	1981	10.75	16.39	18.75	14.42	13.98
Secondary	1961	36.35	30.76	28.50	32.84	32.51
	1971	36.25	28.69	25.82	31.57	31.32
	1981	38.15	31.45	28.55	33.77	33.61
Tertiary	1961	52.93	51.95	60.38	54.31	54.94
	1971	52.34	54.35	57.52	54.14	54.90
	1981	51.10	52.16	52.70	51.81	52.41

Table 3.8 : Occupational Pattern of Male Workers in Sample Towns by Size and Functional Groups in 1961 and 1971.

Town Groups	Year	Sectors			All Sectors
		Primary	Secondary	Tertiary	
<u>Population Size Group (000)</u>					
2000 and above	1961	1.19	36.42	62.39	100.00
	1971	1.53	40.80	57.67	100.00
500 - 2000	1961	3.36	37.73	58.91	100.00
	1971	5.03	35.76	59.21	100.00
100 - 500	1961	3.59	30.10	66.31	100.00
	1971	5.14	29.94	64.92	100.00
50 - 100	1961	13.48	30.66	55.86	100.00
	1971	16.27	27.23	56.50	100.00
20 - 50	1961	21.50	26.55	51.95	100.00
	1971	26.86	27.39	45.75	100.00
Below 20	1961	21.74	35.15	43.11	100.00
	1971	21.35	35.22	43.43	100.00
<u>Functional Group</u>					
Primary	1961	30.04	23.22	46.74	100.00
	1971	29.41	24.65	45.94	100.00
Industrial	1961	1.78	45.67	52.55	100.00
	1971	1.96	45.51	52.53	100.00
Trade	1961	15.23	23.26	61.51	100.00
	1971	16.89	23.17	51.84	100.00
Service	1961	1.41	27.90	70.69	100.00
	1971	2.30	35.00	62.70	100.00
All Groups	1961	2.03	36.18	61.79	100.00
	1971	2.53	39.57	57.90	100.00

CHAPTER IV

SCENARIOS FOR THE YEAR 2001

NATURE OF THE FORECASTS

This Chapter concerns with future possibilities of urbanisation through the period 1981-2001 based on population and the workforce forecasts. The forecasts have been made in three alternatives, which refer to HIGH, MEDIUM and LOW levels of urbanisation possibilities in the year 2001, separately for three region groups and India as a whole. The region groups have been defined by levels of urbanisation, viz. those with relatively high levels of urbanisation (HLU), medium levels of urbanisation (MLU) and low levels of urbanisation (LLU) in the year 1981. The methodology of forecasting is presented in the Annexure at the end of this chapter. In the following sections we examine as to what will possibly be the sizes of total and urban population, the sizes of natural growth and migration components in urban population growth, increase in population in relation to employment in urban areas and the sectoral and regional patterns of employment growth.

POPULATION

In the year 2001 the country's urban population is expected to be of the order of 323 m. according to the 'medium' forecast. The lower and upper limits of urban population as depicted by the 'low' and 'high' forecasts are 299 m. and 348 m. The medium

high and low forecasts of the total population are 1069 m., 1036 m. and 1102 m. respectively. In relation to the base year level, the urban population is expected to be doubled during the period while growing at the medium pace, with lower and upper limits to the growth being 87 and 118 per cent. Among the regions, the rate of growth of urban population will be the highest for the LLU group and the lowest for the HLU groups (Table 4.1). This is consistent with our finding earlier that there has been an inverse association between level of urbanisation and rate of growth of urban population across states over the period 1961-81.

With the population growth of the said magnitudes the percentage of urban population will increase from 23 per cent in 1981 to a figure ranging from 29 per cent to 32 per cent (Table 4.1). Thus the pace of urbanisation is expected to be considerably higher now than in the past in the country. Among regions the proportion of urban population is likely to increase to about 38 per cent under the 'medium' forecast for both HLU and MLU regions and only to about 20 per cent for the LLU group. But in case urbanisation goes faster, then the MLU regions may exceed the HLU group in terms of the level of urbanisation.

NATURAL GROWTH AND MIGRATION COMPONENTS

The total addition to India's urban population during 1981-2001 will be somewhere between 139 m. to 189 m. The figures for the HLU, MLU and LLU region groups are likely to

range from 55 m. to 61 m., 46 m. to 68 m. and 38 m. to 59 m. Of this increase, the natural growth will be of the order of 82 m. to 97 m. for India, 34 m. to 43 m. for HLU regions, 31 m. to 32 m. for MLU regions and 17 m. to 22 m. for LLU regions. The remaining part of the increase will be due to rural-urban migration (Table 4.2). In proportional terms the contribution of the natural growth component to the increase in urban population will be about 55 per cent under the 'medium' forecast, 59 per cent under the 'low' and 51 per cent under the 'high' urbanisation forecast for India. Thus natural growth will be an important factor in the growth of urban population. Rural-urban migration will however be more important in determining the pace of urbanisation; the percentage contribution of the migration component increases from 'low' to 'high' urbanisation forecasts. Among the regions it is only in the HLU group that the share of migration remains relatively low, which may happen in face of relatively slow growth in productive employment opportunities and high cost of living in cities and towns of the most urbanised and developed regions.

EMPLOYMENT GROWTH IN RELATION TO POPULATION GROWTH

The total number of urban workers at the 1981 concept in the year 2001 is expected to range from 80 m. to 97 m., showing an increase over the period ranging from 73 to 111 per cent. Under the 'medium' forecast, the size of urban workforce in 2001 will be of the order of 883 m., exhibiting an increase of 92 per cent. It will be interesting to examine as to how the expected rate of growth of the workforce compares with

that of the population. The Table 4.3 shows that the work-force expected to increase at a lower rate than the rate of growth of population, so that the worker-population ratio will decline in urban areas almost throughout the country. In other words, the incidence of urban unemployment in the country is expected to increase. An explanation to this may be found in the gap between growth of urban labour force and that of the employment opportunities.

SECTORIAL AND REGIONAL PATTERNS OF EMPLOYMENT GROWTH

Here we are concerned with the employment forecasts for the primary, secondary and tertiary sectors, and their growth over the base year levels and contributions to the total employment growth over the period 1981-2001 for India and the region groups. The Table 4.4, depicting the break-ups of the size of workforce for the years 2001 and 1981, shows that the workforce will grow considerably in each of the sectors. According to the Table 4.5, we find that the percentage growth of employment is expected to be the highest in secondary sector. Moreover the rate of growth of employment only in this sector is likely to exceed that of population. The tertiary sector employment is expected to grow at a relatively low rate.

The regional variations in the employment growth rates are marked. The primary sector employment is expected to grow at the highest rate in the LLU group and at the lowest rate in the HLU group of regions. The percentage growth of

primary sector employment is likely to be 109 per cent, with its lower and upper limits at 97 per cent and 122 per cent for the country. The secondary sector employment is expected to grow substantially in the MLU and LLU region groups. For India as a whole under the high and medium forecasts, the secondary sector employment is expected increase by 152 per cent and 124 per cent respectively. The growth rate of tertiary sector is expected to be the lowest in the HLU group and highest in the LLU region group, with the high, medium and low percentages of 81, 66 and 51 for India (Table 4.5). Let us also take in view the sectoral contributions to employment growth.

Over the period 1981-2001 the addition to workforce is likely to be of the order of 42 m. its lower and upper limits being 33 m. and 51 million. Considering the medium forecasts, the contribution of the primary sector to the total urban employment growth will be to the extent of about 17 per cent, secondary sector over 45 per cent and tertiary sector 37 per cent for India as a whole. Across the regions, the share of primary sector will be highest in LLU and lowest in the HLU group. The percentage contribution of the secondary sector is likely to be highest in the HLU group and relatively lower but still worthwhile in the MLU regions. The share of tertiary sector is likely to be the lowest in the HLU regions (Table 4.6).

The above forecasts suggest that there will be a perceptible growth in the secondary sector over the period 1981-2001 in India and particularly in the HLU and MLU regions. The rate of growth of this sector in MLU regions will be the highest as compared to HLU and LLU regions and the highest as compared to other sectors for India as a whole. This will be a substantial increase in the absorptive capacity of cities and towns as not only a major proportion of the secondary sector employment would be in the industrial sector but also because the industrial sector employment is expected to grow at a faster rate. Moreover an increase in the proportion of non-household industrial workers to total industrial workers suggests increase in their productivity levels as well (Tables 4.7 and 4.8). The growth in industrial sector of this order is also expected to enhance the pace of economic development, resulting from positive shift in the occupational pattern and thereby increase income levels. As seen from Table 4.9, the proportion of secondary sector workers is expected to be in the vicinity of 40 per cent in the year 2001, compared with only about 34 per cent in the year 1981.

Table 4.1 : Population Forecasts and Levels of Urbanisation for the Region Groups and India for 2001 compared with the 1981 Levels.

(Nc. in thousand)

Item	<u>Region Groups by 1981 Status</u>			India
	HLU	MLU	LLU	
1. Population of 1981				
Urban	67080	51634	41013	159727
Total	207739	176393	301053	685185
2. Population Forecast for 2001				
High : Urban	128490	119799	100082	348371
Total	344601	288707	468362	1101670
Medium : Urban	125720	108617	88907	323244
Total	331700	286689	450431	1068820
Low : Urban	122414	98062	78062	299082
Total	318719	285093	432295	1036107
3. Percentage of Urban Population				
1981	32.29	29.27	13.62	23.31
2001 : High	37.29	41.50	21.22	31.62
Medium	37.90	37.89	19.74	30.24
Low	38.41	34.40	18.32	28.87
Urban Population Growth 1981-2001 (%)				
High	91.55	132.02	144.03	118.10
Medium	87.42	110.36	116.78	102.37
Low	82.49	89.92	91.66	87.24

Table 4.2 : Growth in Urban Population by Natural Increase and Migration Components for Major Region Groups and India During 1981-2001.

Growth Factor/ Forecast	Regions Groups by 1981 Status			India
	HLU	MLU	LLU	
1. Natural Increase ('000)				
High	43004	31974	22111	97089
Medium	38656	31211	19564	89431
Low	34271	30550	16984	81805
2. Migration ('000)				
High	18406	36191	36958	91555
Medium	19984	25772	28330	74086
Low	21063	15878	20609	57550
3. Total Increase ('000)				
High	61410	68165	59069	188644
Medium	58640	56983	47894	163517
Low	55334	46428	37593	139355
4. (1) as % of (3)				
High	70.03	46.91	37.43	51.47
Medium	65.92	54.77	40.85	54.69
Low	61.93	65.80	45.18	58.70
5. (2) as % of (3)				
High	29.97	53.09	62.57	48.53
Medium	34.08	45.23	59.15	45.31
Low	38.07	34.20	54.82	41.30

Table 4.3 : Growth of Urban Workforce and Population and Change in Worker-Population Ratio During 1981-2001.

Item	Region Groups by 1981 Status			India
	HLU	MLU	LLU	
1. Growth of Workers 1981-2001 (%)				
High	82.90	121.88	149.22	110.72
Medium	73.08	96.45	121.40	91.70
Low	63.26	69.51	95.75	72.67
2. Growth of Population 1981-2001 (%)				
High	91.55	132.02	144.03	118.10
Medium	87.42	110.36	116.78	102.37
Low	82.49	89.92	91.66	87.24
3. Worker-Population Ratio 2001 (%)				
High	29.21	28.01	26.00*	27.87
Medium	28.25	27.36	26.00*	27.33
Low	37.36	26.15	26.00*	26.61
4. Worker-Population Ratio 1981 (%)				
	30.59	28.86	26.00	28.85

* The forecast was controlled not to allow the ratio to decline below 26.00 per cent.

Note : The forecast of total workforce for the year 2001 and the estimate for 1981 are depicted in Table 4.4 .

Table 4.4 : Urban Workers by Major Sectors for Region Groups and India - Forecast for 2001

Sector/Forecast	Region Groups by 1981 Status				(No. in '000) India
	HLU	MLU	LLU		
<u>Year 2001</u>					
1. Primary					
High	3843	4875	5572	14290	
Medium	3737	4862	4899	13498	
Low	3630	4804	4271	12705	
2. Secondary					
High	17855	12520	8672	39047	
Medium	15196	11449	7329	34694	
Low	13976	10295	6068	30339	
3. Tertiary					
High	15829	16165	11777	43771	
Medium	15860	13402	10888	40150	
Low	15892	10540	10099	36531	
4. All Sectors					
High	37527	33560	26021	97108	
Medium	35513	29713	23116	88342	
Low	33498	25639	20438	79575	
<u>Estimates for 1981</u>					
Primary	2138	2406	1900	6444	
Secondary	7783	4736	2969	15488	
Tertiary	10597	7983	5572	24152	
Total	20518	15125	10441	46084	

Table 4.5 : Expected Growth of Urban Workers by Major Sectors Compared with Population Growth for Region Groups and India During 1981-2001.

Item	Region Groups by 1981 Status			India
	HLU	MLU	LLU	
1. Primary				
High	79.92	102.62	193.26	121.76
Medium	74.95	102.08	157.84	109.47
Low	69.94	99.67	124.79	97.16
2. Secondary				
High	129.41	164.36	192.08	152.11
Medium	104.50	141.74	146.85	123.98
Low	79.57	117.38	104.38	95.89
3. Tertiary				
High	49.37	102.49	111.36	81.23
Medium	50.61	43.42	95.41	66.24
Low	49.97	28.96	81.24	51.25
4. Population				
High	91.55	132.02	144.03	118.10
Medium	87.42	110.36	116.78	102.37
Low	82.49	89.92	91.66	87.24

Table 4.6 : Sectoral Contributions to Growth in Urban Employment in Region Groups and India over the period 1981-2001

Sector/Forecast	Region Groups by 1981 Status			India
	HLU	MLU	LLU	
1. Primary				
High	10.02	13.39	23.57	15.38
Medium	10.66	16.83	23.66	16.69
Low	11.50	22.81	23.72	18.70
2. Secondary				
High	59.22	42.23	36.60	46.17
Medium	54.24	46.02	34.40	45.45
Low	47.71	52.87	31.00	44.34
3. Tertiary				
High	30.76	44.38	39.83	38.45
Medium	35.10	37.15	41.94	37.46
Low	40.79	24.32	45.28	36.96
4. Total Growth in Workforce ('000)				
High	17009	18435	15580	51024
Medium	14995	14588	12675	42258
Low	12980	10514	9997	33491

For each forecast alternative the sectoral percentages add to 100.00

Table 4.7 : Urban Industrial Sector Workforce for Region Groups and India - Forecast for 2001

Sector/Sub-Sector	Forecast	Regions by 1981 status			India
		HLU	MLU	LLU	
Industry Total ('000)	High	14116	11466	6638	32220
	Medium	13353	9522	5610	28485
	Low	12589	7578	4582	24749
Non-Household Industry ('000)	High	13938	10067	5383	29388
	Medium	13057	8284	4507	25848
	Low	12187	6533	3646	22366
Household Industry ('000) (Residual)	High	178	1399	1255	2832
	Medium	296	1238	1103	2637
	Low	402	1045	936	2383
Estimate for 1981 ('000)					
Industry Total		7046	4027	2673	13746
Non-Household		6188	3218	2050	11456
Household		858	809	623	2290

Table 4.8 : Growth of Industrial Workers and Its Share in Urban Employment Growth

Item	Forecast	Region Groups by 1981 Status			India
		HLU	MLU	LLU	
Growth of Industrial Workers 1981-2001 (%)	High	100.34	181.58	148.33	134.39
	Medium	89.51	133.44	109.88	107.22
	Low	78.67	86.10	71.42	80.05
Growth of Non-Household Industrial Workers 1981-2001 (%)	High	125.25	212.83	162.59	156.53
	Medium	111.01	157.43	119.85	125.63
	Low	96.95	103.01	77.85	95.25
Share of Industrial Sector in Secondary Sector Employment Growth 1981-2001 (%)	High	70.19	95.95	64.79	78.42
	Medium	77.55	81.86	67.36	76.74
	Low	89.50	63.88	61.60	74.09
Industrial Workforce to total Workforce 2001 (%)	High	37.61	34.17	25.81	33.18
	Medium	37.60	32.05	24.27	32.24
	Low	37.58	29.56	22.41	31.10
Non-Household to total Industrial Workers 2001 (%)	High	98.74	87.80	81.10	91.21
	Medium	97.78	87.00	80.34	90.74
	Low	96.81	86.21	79.58	90.37
Estimate for 1981 ('000)					
Industrial Workers to total workers (%)		34.40	26.62	25.60	29.83
Non-Household Industry Workers to Total Industrial Workers (%)		87.45	79.91	76.69	83.34

Table 4.9 : Distribution of Urban Workforce by Major Sectors for Region Groups and India - Forecast for 2001.

Sector/Forecast		Region Groups by 1981 Status			India
		HLU	MLU	LLU	
Primary	High	10.24	14.53	21.41	14.72
	Medium	10.52	16.36	21.19	15.28
	Low	10.84	18.74	20.90	15.97
Secondary	High	47.58	37.31	33.33	40.21
	Medium	44.82	38.53	31.71	39.27
	Low	41.72	40.15	29.69	38.13
Tertiary	High	42.18	48.17	45.26	45.51
	Medium	44.65	45.10	47.10	45.45
	Low	47.44	41.11	49.41	45.91
All Sectors	High	100.00	100.00	100.00	100.00
	Medium	100.00	100.00	100.00	100.00
	Low	100.00	100.00	100.00	100.00
Estimate for 1981 (%)					
Primary		10.42	15.91	18.20	13.98
Secondary		37.93	31.31	28.43	33.61
Tertiary		51.63	52.78	53.37	52.41
Total		100.00	100.00	100.00	100.00

ANNEXURE TO CHAPTER IV

METHODOLOGY OF FORECASTS FOR THE YEAR 2001

THE MODEL

The forecasts of population and urban workforce are made on the basis of past trends for the region groups defined by levels of urbanisation and for the country as a whole. Conceptually if all the states and union territories are arranged in descending order of the proportion of urban population and then grouped according to the level of urbanisation slabs for the HLU, MLU and LLU states (Chapter II) in the year 1981, the corresponding region groups are defined. These HLU, MLU and LLU region groups so defined would have almost the same structural characteristics as exhibited by the corresponding groups of the selected states, as the latter taken together represented as much as 97 per cent of the country's rural population and 94 per cent urban population in the year 1981. Based on this assumption the estimates of population and workforce for the region groups for 1981 and the forecasts were obtained by proportionately adjusting the figures for the state groups with those of India as a whole. The percentage of urban population for the region group at relatively high level of urbanisation (HLU) comes to 32.29, while for those at middle level of urbanisation (MLU) and low level of urbanisation (LLU) to 29.27 and 13.62 respectively (India 23.31) in the year 1981.

The forecasts have been made on three alternative urban population growth rates, which characterise 'high', 'medium' and 'low' levels of urbanisation for the region groups and India as a whole in the year 2001. As indicated earlier, the exercise was carried out by using data for the groups of the selected states and India separately and then the figures for the state groups were adjusted with national aggregates to arrive at the forecasts for the region groups. Further, because of non-availability of required data for towns, the forecasting exercise covered only the regional dimensions as stated above. The assumptions and procedures of the forecasting of population, the contributions of the natural growth and migration factors in the growth of urban population over 1981-2001 and the number of urban workers are described as follows:

POPULATION

The rates of growth of urban population for the three state groups and India were examined separately over the periods 1961-71, 1971-81 and 1961-81. Among these the urban population growth rates during 1971-81 were the highest in all the state groups. It may be assumed that because of the concern of the Government for population control as well as for lowering down the incidence of migration particularly in large cities, the rural and urban population growth rates over 1981-2001 will not exceed the rates obtaining in the period 1971-81. The growth rates of total and urban population in 1971-81 were therefore used for arriving at the

'high' forecasts for India and separately for the region groups. The 'medium' and 'low' forecasts have been obtained by adopting the remaining two growth rates for India and the region groups separately.

NATURAL GROWTH AND MIGRATION COMPONENTS

Empirical evidences show that both birth rates and death rates in rural areas are higher than those in urban areas so that the natural growth rates of rural and urban population are nearly equal. This implies equality between natural growth rate of urban population and actual growth rate of total population in India. Under this assumption the natural growth component of urban population for India and each of the region groups were determined by applying the total population growth rates on the base year urban population figures. The residual growth of urban population has been attributed to migration.

TOTAL URBAN WORKFORCE

The growth rates of total workers were examined for the state groups and India over the periods 1961-71, 1971-81 and 1961-81. It was found that the growth rate of workers and that of urban population differed markedly over 1961-71 because of the difference in the concept of workers from 1961 to 1971 census. The growth rates over 1961-81 were however found reasonable for the 'low' forecasts. For the 'high' forecasts the growth rates over the period 1971-81 were used. The consistency of the total workforce projections were then checked

in terms of the worker-population ratios for the regions and compared with those for the state groups. The emerging ratio for LLU region group for 2001 was considerably below 26 per cent and appeared to be too low. The figure for the LLU state group in 1981 was a little over 26 per cent. Therefore the estimates for the LLU regions for 1981 and the corresponding forecasts were controlled to yield a worker-population ratio of 26.00 per cent at the minimum.

SECTORAL WORKFORCE

Given the forecast of the total workforce, those of primary, secondary and tertiary were worked out by using the 1971-81 growth rates for the 'high' alternative and the 1961-81 rates for the 'low' forecasts as followed in case of total workforce projections. The 'medium' forecasts for these sectors in the region groups and India were obtained by taking arithmetic means of the 'high' and 'low' forecasts. Some minor adjustments were also made to moderate the emerging growth rate of primary sector workers in case of the MLU region groups. These sectoral forecasts for the region groups and India were then adjusted proportionally to add to the corresponding total workforce figures.

INDUSTRIAL WORKFORCE

In the industrial sector the total workforce was projected for the region groups and India separately by applying the growth rates over 1971-81 and 1961-81 on the 1981 figures to yield the 'high' and 'low' forecasts. The arithmetic means of these two extremes gave the 'medium' forecasts.

Within the industrial sector it was considered desirable to have the forecasts for organised and unorganised sector on the one hand and non-household and household sectors on the other hand. For the organised and unorganised sectors, identified by units employing upto 9 workers and 10 or more workers respectively, the data for the year 1981 was not available. Moreover, the workforce data for the two subsectors in 1961 was also not available directly from the census. The exercise was therefore confined to the non-household and household sectors only. This involved some judgement regarding the probable composition of the industrial sector, as the rates of workers in the two sectors as well as the ratio between them varied violently over the reference period and more so during 1961-71. For the purpose of forecasting therefore, the rates of growth of non-household to total industrial workforce ratio over 1971-81 were used to project the said ratio for 2001. This projected ratio multiplied by the size of industrial workforce for each of the region groups and India yielded the 'low' forecast of the numbers in the non-household sector. The 'medium' and 'high' forecasts were similarly determined after adding 1.00 and 2.00 percentage points respectively to the growth rates of the said ratios for the period 1971-81. The forecasts of the number of workers in the household sector were obtained as residuals.

CHAPTER V

CONCLUSIONS

The main conclusions of the study are presented below along with some of the empirical findings. There are six sections in this chapter referring to the objectives of the study in the order as listed in Chapter I.

CORRESPONDENCE BETWEEN GROWTH OF URBAN EMPLOYMENT AND GROWTH OF URBAN POPULATION

During the 1970's, the urban employment in India increased by 44 per cent while urban population by 46 per cent. The growth rates of employment and population were found to be in positive association, each influencing the other : while people migrate in urban areas having productive employment potential, part of the rural-urban migration is not selective but simply for earnings beyond what the migrants hope to have in rural areas. In towns with limited employment opportunities, the migration of the latter type tends to force expand the urban informal sector. Interestingly however, the regions at middle levels of urbanisation (MLU), i.e., with proportion of urban population ranging between 22 per cent and 28 per cent, have fared relatively better in productively absorbing the growing urban labour force.

SECTORAL PATTERN OF URBAN EMPLOYMENT GROWTH

Employment in the secondary and tertiary sectors increased by 54 per cent and 37 per cent respectively during the seventies. Taken together, they contributed 86 per cent to the total employment growth in the country. The percentage share of these two sectors together is positively associated with level of urbanisation across state groups, being 91 per cent in the states at relatively higher levels of urbanisation (HLU), 86 per cent in MLU and 76 per cent in the group at low levels of urbanisation (LLU).

Compared with the tertiary sector, the employment in the secondary sector has grown at a faster rate, so that it is possible to visualise a substantial increase in productive employment opportunities in urban areas. The rate of growth of secondary sector employment in the MLU states was over 69 per cent, which is higher than the figures for the other two state groups.

The pattern of employment growth in the organised and unorganised sectors could not be thoroughly examined due to non-availability of data. But if growth in number of industrial units is any guide, the employment in organised sector units, i.e. having 10 or more workers, has increased nearly twice the rate of employment growth in unorganised sector; during 1961-71 the number of organised sector units increased by about 53 per cent while that of unorganised sector units only by 26 per cent.

INDUSTRIALISATION AND EMPLOYMENT GROWTH

In India and each of the three state groups, the industrial employment growth rate has been somewhat higher than the growth rate in secondary sector. During the seventies, the employment in industrial sector increased by about 55 per cent, contributing about 68 per cent of the total growth in secondary sector and over 26 per cent of that in urban areas. Among the states, the highest percentage growth of industrial employment is observed to be 69 per cent for the MLU group and the lowest of 42 per cent for the HLU group.

The direct impact of industrialisation on employment growth has thus been considerable. There was however no evidence on an indirect impact. It is deemed that industrial growth generates demand for industrial services, so that employment in service sector also tends to grow. But the urban service sector in the country is perhaps unduly large, representing 51 per cent of the urban workers. Of the workers in the service sector, according to the 1971 census, 49 per cent were employed in the unorganised sector. The unorganised services as well as part of the organised services have no direct linkages with industrial sector. Further, as development proceeds, the relative size of unorganised sectors tends to get reduced. The study accordingly shows a decline in the proportion of workers in service sector instead of a systematic increase at relatively high levels of industrialisation.

EMPLOYMENT GROWTH AND QUALITY BY TOWN SIZE

In India the metropoles (population 20 lakhs and above) and large towns (5-20 lakhs and 1-5 lakhs) together are only 4.84 per cent in number according to 1971 census, but they represent 49 per cent of the urban population. Employment growth rate in these towns has also been relatively higher. In effect therefore, they contributed 79 per cent of growth in urban employment during 1971-81. The upper medium towns (0.5-1 lakh) and lower medium towns (0.2-0.5 lakh) together constituting 28 per cent in the total number of towns in 1971, contributed only about 13 per cent in the said period. The remaining 67 per cent of the towns of small category (below 0.2 lakh) had only about 8 per cent share in the employment growth.

The sectoral pattern of employment growth also brings importance to the metropolitan and large towns. The growth rates of employment in the tertiary sector have been relatively higher in these groups of towns and are found to be positively associated with town size. An improvement in quality of employment, exhibited by a higher employment growth in industrial sector as a whole and in the organised sector, was noticed. In relation to the urban economy as a whole, this kind of a change was brought in mainly by the above mentioned town groups, which constitute the class I category as per the census definition.

EMPLOYMENT GROWTH BY FUNCTIONAL CATEGORIES OF TOWNS

According to the sample study, the industrial and service towns played a dominant role in providing urban employment opportunities. The contribution in urban employment growth is estimated at about 57 per cent by service towns, followed by 42 per cent by industrial towns, a little over 1 per cent by trade towns and just about 0.3 per cent by primary towns during 1961-71. In the decade 1971-81 the share of industrial towns increased to 59 per cent, exceeding the corresponding figure of 39 per cent of the service towns.

FUTURE POSSIBILITIES : 1981-2001(i) Population Growth and the Shares of Natural and Migration Components

To examine the future possibilities the period 1981-2001 has been kept in view. It is expected that by the year 2001, the size of India's urban population will be somewhere from 300 million to 350 million, with the medium forecast level of nearly 325 millions. The contribution of rural-urban migration to the growth of urban population during 1981-2001 is likely to be from 41 per cent to 49 per cent corresponding to the low and high urban growth forecast and 45 per cent to the medium forecast of urban growth.